REMARKS

Applicant thanks Examiner Harish T. Dass and his supervisor Hyung S. Sough for the interview on January 27, 2006. Applicant discussed the substance of the claims and the scope of the prior art. No agreement was reached, however, regarding this application.

Claims 25-37 are pending. Claims 25-37 stand rejected. While claims 29-30 and 34 are indicated as being objected to, no explanation for the continuance of those objections is provided in the present office action and those objections are believed to have been overcome through the arguments presented in the previous response. Claims 25 and 32 are amended to correct typographical errors. No new matter is added.

Applicant requests reconsideration and allowance of the claims in light of the following remarks.

Claim Rejections – 35 USC § 103

Claims 25-26, 28, 30-32, and 35-37 stand rejected under 35 U.S.C. 103(a) as being unpatentable over U.S. Patent No. 6,014,643 to Minton ("Minton") in view of U.S. Patent No. 4,674,044, Kalmus et al. ("Kalmus"). These references, however, whether taken alone or in combination, fail to teach all of the limitations of the claims and therefore cannot establish a prima facie case for obviousness of the claimed invention. Applicant therefore respectfully traverses the rejections.

The present invention overcomes numerous problems of the prior art. In particular, prior art trading methods generally require human intervention to generate each transaction as well as to monitor the market between transactions. Conventionally, for example, a trader (or his broker) monitors the market and makes a purchase or sell order based on current or future market conditions. For a prior art market order, for instance, a trader (through his broker) initiates a trade based on current market conditions. For a prior art limit order, a trader (through his broker) makes an offer to trade based on future market conditions. In these cases, each order is generated by the user based on specific known or anticipated market conditions and traders (or their brokers) must constantly monitor the market to be able to generate a continuous stream of multiple orders. *See* Minton, throughout.

The claimed invention relates to an *automatic ordering method* for trading stocks (or other trade objects) *using a computer system*, where, in the case of stocks, for example, before even initiating trading:

(a) A user inputs a stock selection, a quantity, and a price; *and*

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(b) The user inputs automatic trade conditions to control subsequent orders, where the automatic trade condition can, for instance, be a preset price change or a percentage rate change as well as quantity information.

Then, *after* inputting these conditions:

(c) The user places an initial trade order, whereupon

(d) The computer immediately, *without any further instructions from the user*, places both a buy order at the preset price or percentage rate change below the initial trade price and a sell order at the preset price or percentage rate change above the initial trade price; *and*

(e) As soon as either the subsequent buy order or the sell order is contracted, the computer immediately generates yet another buy and sell order using the preset price or percentage rate change *without any further input from the user*; *and* where

(f) The computer then repeats this process again.

See, e.g., Claim 25. As is apparent from the claim requirements themselves, it would be extremely impractical to perform the claimed invention manually without the use of a specially-constructed computer program. And Applicant is unaware of any prior art attempts to implement such a system either manually or otherwise.

To even consider manually implementing a similar system, a purchaser would have to pick up the phone, call their broker, and in a single phone call, for example:

(1) Instruct the broker to buy 100 shares of XYZ stock at $50 per share and immediately place a purchase order for 50 more shares at $40 per share and a sell order for 50 shares at $60 per share (*see, e.g.*, claim 25, steps (a), (b), (c), and (d)); *and*

(2) Tell him that if he successfully buys 50 more shares at $40 per share, then he must immediately place a buy order for 50 more shares at $30 per share and a sell order for 50 shares at $50 per share... but, if he sells 50 shares at $60 per share, then he must immediately place a buy order for 50 shares at $50 per share and a sell order for 50 shares at $70 per share (*see, e.g.*, claim 25, step (e)); *and*

(3) Further instruct him that if he then sells 50 shares at $70 per share, then he must immediately place a buy order for 50 more shares at $60 per share and a sell order for 50 shares at $80 per share... but if he buys 50 shares at $50 per share, then he must immediately place a buy order for 50 more shares at $40 per share and a sell order for 50 shares at $60 per share... but if instead he sells the 50 shares at $50 per share, then he must immediately place a buy order for 50 shares at $40 per share and a sell order for 50 shares at $60 per share... but if instead he buys 50 shares at $30 per share, then he must immediately place a buy order for 50 more shares at $20 per share and a sell order for 50 shares at $40 per share (*see, e.g.*, claim 25, step (f)); *and*

(4) The purchaser would then still have to go through and explain every purchase and sell order to be generated depending on the entering into each and every one of those previous possible purchase and sell orders, and so on until a predetermined condition is satisfied (*see, e.g.*, claim 31),...

The prior art fails to teach such a system, and even if such a manual system existed, it would still fail to provide numerous benefits of the claimed invention. For instance, such a system would still require human intervention (by the broker) to initiate the *subsequent* trade orders.

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And it would require real-time monitoring of the market for the broker to determine when previous orders were contracted and *when to generate* the subsequent orders.

The claimed invention, however, is able to *generate subsequent orders without human intervention* and without a user having to monitor the market constantly and personally issue multiple subsequent buy and sell limit orders based on whatever previous limit order was contracted. Thus, to manually implement a similar method, the user would have to constantly monitor the market, determine which orders to generate, and issue subsequent orders. As a result, a manual system, if it even existed, would be limited by the attention and speed of the user whereas the present invention is capable of automatically selecting and generating many orders per minute through its specially-programmed computer system. Accordingly, even if such a manual system were available, it would fail to provide the abilities and advantages of the claimed invention.

The Examiner's reliance on Minton and Kalmus is misplaced. Minton merely relates to a data processing and communication system that allows users to purchase and sell securities. Minton does not teach or suggest a system for generating buy and sell orders immediately upon the contracting of previous orders, let alone an automated system. For instance, while Minton teaches that a user can alternatively place a market order or a limit order for a security during a given transaction (col. 9, lines 18-35), Minton nowhere teaches or suggests inputting both an initial trade condition and an automatic trade condition into a computer system before initiating the initial trade condition, as required by the present claims. For this reason alone, Minton fails to provide an adequate primary reference for the rejection of these claims.

In addition, however, Minton also fails to teach a computer system that generates and places subsequent buy and sell orders as soon as a previous buy or sell order is contracted. On the contrary, the prior art does not even teach generating subsequent buy and sell orders as soon as the previous buy or sell orders are contracted, and even if desired, would require some human intervention to place those subsequent orders. Minton's limit order provides future conditions for contracting an already placed order, but Minton does not generate buy and sell limit orders based on the contracting of an initial order, let alone without human intervention. The Examiner's argument that "it is known that the orders are executed after the orders are entered and immediately after accepted by second trader" has nothing to do with the claim limitation of *"generating* and *placing"* subsequent buy and sell orders immediately after contracting the initial order.

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Again, in the prior art, purchases are *contracted* based on future market conditions, but no conditions are taught for *generating* subsequent buy and sell orders based on the contracting of previous orders. For instance, in the prior art, there is no requirement that subsequent orders must be generated based on previously contracted orders. In contrast, in the claimed invention, subsequent orders are directly "tied" to the immediately preceding contracted orders and must be generated if the previous order is contracted. And furthermore, even if future orders become desirable, the prior art requires human intervention to place those subsequent buy and sell orders. Accordingly, Minton again fails to provide an appropriate primary reference for rejecting the claims.

The Examiner properly recognizes that Minton does not disclose "(e) immediately after one of the selling order and the purchase order is contracted, the computer system, without an intervention by the user, generating and placing another purchase order and another selling order for trade according to the automatic trade condition." OA, page 3. The Examiner further appropriately recognizes that Minton does not teach the repetition of step (e) or that each of the selling orders are at a price higher than the previously contracted price and each of the buying orders is at a price lower than the previously contracted price. OA, page 3. The Examiner, however, improperly looks to Kalmus (U.S. Patent No. 4,674,044) in an attempt to find these missing elements.

Kalmus, however, is even less pertinent than Minton. Kalmus simply discloses an automated trading market that does not even *generate* buy or sell orders. Rather, the Kalmus system simply *processes* buy and sell orders that are generated elsewhere. Kalmus fails to teach any of the claim limitations missing from Minton. Kalmus, for instance, does not teach inputting both an initial trade condition and an automatic trade condition before initiating the initial trade condition. Kalmus also fails to teach automatically generating either buy or sell orders after contracting the initial order or subsequent orders, let alone generating both buy and sell orders after both the initial order and subsequent orders. And Kalmus further fails to teach repeatedly generating buy and sell orders immediately upon the contracting of a corresponding previous order.

For each of these reasons, independently and collectively, Kalmus fails to satisfy the missing claim limitations and does not assist in establishing a prima facie case of obviousness for rejecting these claims. Claims 25-26, 28, 30-32, and 35-37 are therefore patentable over the prior art of record.

Dependent claims 27, 29, and 33-34 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Minton and Kalmus as applied to claims 26 and 32, and further in view of U.S. Patent No. 5,297,031 issued to Gutterman et al ("Gutterman"). Because Minton and Kalmus fail to provide each of the limitations of the independent claims, as discussed above, they also cannot properly be used for establishing a prima facie case of obviousness for these dependent claims. Gutterman further fails to supply the elements of the independent and dependent claims missing from the prior art of record. Gutterman, for instance, does not teach inputting both a buy order and sell order immediately after entering an initial purchase order. It also fails to teach immediately generating future buy and sell orders depending on which previous buy or sell order is contracted.
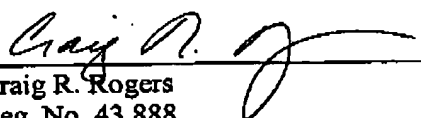
In addition, Gutterman's teachings regarding establishing a spread do not equate to the claimed automatic trade conditions governing future buy and sell orders. Rather, Gutterman's teachings simply explain that a spread can be used to define an acceptable profit level at which point the purchaser will be satisfied to sell the purchased stock. Gutterman, for instance, explains that using a "spread" a purchaser "may order his broker to 'buy one July pork bellies and sell one February bellies at 80 points difference or more, premium February' ... to establish a new spread position, or to take the profit in a position at a narrower difference and be satisfied with the profit at 80 points difference." Col. 4, lines 59-61. This simply defines one future trade condition, however, and does not supply an automatic trade condition that is used to generate and place multiple subsequent buy and sell trade orders. Claims 27, 29, and 33-34 are therefore further believed to be in condition for allowance for this additional reason.

CONCLUSION

For at least the foregoing reasons, reconsideration and allowance of claims 25-37 of the application as amended is solicited. The Examiner is encouraged to telephone the undersigned at (503) 222-3613 if it appears that a further interview would be helpful in advancing the case.

Respectfully submitted,

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